

Message Text

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14

ACTION OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 COME-00 TRSE-00 AID-05 L-03

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R 081017Z JUL 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHBC 5524

UNCLAS JAKARTA 8956

DEPARTMENT PLEASE PASS OPIC FOR CULMAN AND HILL

E.O. 11652: NA

TAGS: BGEN, EINV, ID

SUBJ: P.T. DARALON

REF: JAKARTA 8622

1. RICHARD ELLINGTON, PRESIDENT OF P.T. DARALON AND
EMPLOYEE OF SPRINGS MILLS, RECEIVED FOLLOWING LETTER JULY 8
FROM DARALON'S INDONESIAN JOINT VENTURE PARTNERS SIGNED BY
DARITH AND NAD TAMIN, WHO ARE INDONESIAN JOINT VENTURE
PARTNER BOARD MEMBERS:

"JAKARTA, JULY 6, 1976

TO: 1. MR.R.H, ELLINGTON, PRESIDENT DIRECTOR

2. ALL MEMBERS OF THE BOARD OF DIRECTORS OF P.T.DARALON
P.T. DARALON TEXTILE MANUFACTURING CORPORATION

SUBJECT: OBJECTION TO THE CIRCULAR NO. 0100/RHE/76 DATED JULY.
5, 1976

DEAR SIR,

THIS IS TO FILE OUR OBJECTION TO YOUR DECISION AND ACTION
AS CIRCULATED IN YOUR CIRCULAR NO. 0100/RHE/76 DATED
JULY 5, 1976 TO ALL EMPLOYEES.

TO OUR KNOWLEDGE NO SUCH AGREEMENT IN PRINCIPAL HAS
BEEN REACHED WITH THE INDONESIAN COUNTERPART AS RE-
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QUIRED SPECIFICALLY FOR JOINT VENTURES INCORPORATED

UNDER THE INDONESIAN LAW (LAW NO. 1/1967).
WE BELIEVE THAT YOUR ONE-SIDED DECISION AND ACTION
OF CHANGE OF MANAGEMZNT RESPONSIBILITIES IS IN VIOLATION
OF THE PRESIDENTIAL DECREE NO. 63/1969 DATED AUGUST 5,
1969. ALSO INDONESIAN CORPORATE FORMALITIES HAVE NOT
BEEN MET WHILE THE CONSULTANT CONTRACT, WHICH IS OF
AN EXCLUSIVE NATUR DOES NOT ACCOMMODATE YOUR ACTION.
THEREFORE, WE AS MEMBERS OF THE BOARD OF DIRECTORS
AND REPRESENTING THE INDONESIAN SHAREHOLDERS IN THE
JOINT VENTURE ARE HOLDING SPRINGS MILLS AND IF
SUFFICIENT GROUND FOUND THERE TO YOU PERSONALLY RESPONSIBLE
FOR ALL LEGAL CONSEQUENCES OF YOUR ACTION
AND DECISION STATED ABOVE.
THUS FOR YOU AKCKNOWLEDGEMENT.
REGARDS,
CC: 1. DIRECTORATE GENERAL FOR THE TEXTILE INDUSTRY
2. FOREIGN INVESTMENT BOARD FOR ATTN: MR. BARLI HALIM
3. INTERNATIONAL FINANCE CORPORATION
4. ALL EMPLOYEES
5. MR.L. HANAFIAH"

2. ACCORDING TO ELLINGTON, SPRINGS MILLS IS NOT RPT
NOT INVOLVED SINCE ACTUAL FOREIGN JOINT VENTURE PARTNER
IS BOUND SPRINGS OF BERMUDA, A HOLDING COMPANY OWNED
BY SPRINGS MILLS. ELLINGTON BROUGHT LETTER TO ATTENTION
OF DARALON'S LOCAL ATTORNEY, FRANK MORGAN, AND IFC'S
STEPHANSON, WHO HASREMAINED IN JAKARTA IN CONNECTION
WITH THIS MATTER.
NEWSOM

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